

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:2876
ANSWERED ON:07.12.2000
LOSSES TO VEHICLE FACTORY JABALPUR
JAYASHREE BANERJEE

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Grey Iron and Vehicle factory, Jabalpur, is running in losses worth Rs. 29 crore;
- (b) if so, the factors attributed thereto;
- (c) whether the army has stopped placing orders to this factory;
- (d) if so, the details thereof and the reasons therefor;
- (e) the quantum of funds allocated to the said factory during each of the last three years; and
- (f) the steps being taken to improve the functioning of the factory?

Answer

MINISTER OF DEFENCE (SHRI GEORGE FERNANDES)

(a) to (f): A Statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA UNSTARRED QUESTION NO. 2876 FOR 7.12.2000

Consequent upon the phasing out of manufacture of Shaktiman/Nissan vehicles, production of new generation vehicles viz. 2.5T LPTA and 5/7.5 T Stallion has started. However, the engines required for both LPTA & Stallion vehicles has been kept out of the scope of production at Ordnance Factory as:-

(i) The engines of both the current vehicles require continuous upgradation to meet India Emission Norm.

(ii) The production of engines requires capital intensive product specific machines that may not be gainfully utilized for the other products.

(iii) The volume of requirement is low.

Capacity utilization at Vehicle Factory Jabalpur (VFJ) was low during the gestation period required for establishment of production of the new vehicles. With the start of the in-house manufacture of the aggregates of the new vehicles at higher proportion by backward integration the workload at VFJ has improved. In fact VFJ generated a surplus of Rs. 5.18 crore during 1999-2000. Attempts are being made to develop specialized role vehicles at VFJ to further improve capacity utilization. The fund provided to VFJ for purchase of Plant & Machineries during last 3 years is given below:-
(Value in Rs. Crore) 1997-1998 1998-1999 1999-2000

3.00 5.10 18.16

Workload at Grey Iron Foundry (GIF) suffered a set back when the production of castings required for engines stopped. GIF required a net budget support of Rs. 25.22 crore during 1999-2000. To address the shortage of workload development of castings required for transmission aggregates of the new vehicles started. At present 80% castings of transmission aggregate of Stallion vehicles and 60% castings for LPTA vehicles have been developed. In addition to vehicle items castings for many other new items like Bomb body etc are being developed. In the attempts for diversification GIF secured civil trade orders from Railway and PSUs. As a result capacity utilization at GIF is likely to improve this year.

The fund provided to GIF for procurement of Plant & Machineries during last three years is as under:-

(Value in Rs. Crore)

1997-1998	1998-1999	1999-2000
0.71	0.79	1.32

Army is placing orders for both the vehicles based on their annual requirement.